THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b) No, Sir.

(c) and (d) Do not arise.

(e) As per the policy package on stepping up credit to SME sector announced by the Finance Minister in Parliament on 10th August, 2005, a one-time settlement scheme for recovery of NPAs below Rs. 10 crores as on March 31, 2004 has been advised to all public sector banks for implementation which will provide a simplified, non-discretionary and non-discriminatory mechanism for one time settlement of chronic NPAs in the SME sector.

Withdrawal of powers of CAG

2186. SHRI B.K. HARIPRASAD:
SHRI R.K. ANAND:

Will the Minister of FINANCE be pleased to state:

(a) whether Government propose to do away with the role of CAG on Government companies and PSUs through a bill to be introduced soon, on the basis of the recommendations of J.J. Irani Committee;

(b) whether Government feels that such tasks of audit of Government companies and PSUs would be better handled by CA firms; and

(c) whether it is a fact that professional Chartered Accountant cannot discharge the social responsibilities hitherto assigned to watchdog institutions like CAG?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) to (c) The Government is considering a comprehensive revision of the Companies Act, 1956, on the basis of a broad-based process of consultation starting with placing of a concept paper on Company Law on the website of the Ministry in August, 2004 for public comment and including constitution of an Expert Committee headed by Dr. J.J. Irani in December, 2004 to advise on various company law issues. Taking into account various inputs, including the report of the Expert Committee, the Government would take a suitable view on the

legislative proposals for revision of the Companies Act, 1956, which would *inter alia,* address the issues relating to audit of Government companies and PSUs in an efficient manner.

Misuse of Export Promotion Schemes

2187. SHRI NANDI YELLAIAH: Will the Minister of FINANCE be pleased to state:

(a) whether certain import and export companies, which exist only on documents, have cheated Government to the tune of several crores of rupees by misusing Export Promotion Scheme;

(b) if so, the details thereof and action taken so far against such Export and Import companies;

(c) whether it is a fact that some officials of Customs Department are also involved in this racket;

(d) if so, the details thereof including the number of Customs officers facing charges and the details of action taken against them, State-wise; and

(e) the remedial measures implemented so far to prevent such fradulent practices in future?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) to (e) 377 cases of evasion of duty through misuse of export promotion schemes by import and export companies which exist only on documents have been detected by the various agencies during 2002-03, 2003-04, 2004-05 and 2005-06 (upto October, 2005) in various States. Out of these, in 170 cases, show cause notices (SCNs) have been issued and the same are at the various stages of adjudication, appeals etc. In 207 cases, show cause notices have not been issued, as the investigations are yet to be completed. 76 persons have been arrested and 12 persons have been detained under COFEPOSA.

Changes in the policy and amendments in the relevant Acts are made from time to time to prevent misuse of export promotion schemes. In fact, there are inbuilt safeguards in the schemes to prevent their misuse. Some of these are as follows:—